

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 24-CR-14045-CANNON/MAYNARD

UNITED STATES OF AMERICA

v.

MATTHEW S. BROWN

Defendant.

STIPULATED FACTUAL BASIS

By signing below, the parties stipulate to and agree not to contest the following facts and stipulate that such facts, in accordance with Rule 11(b)(3) of the Federal Rules of Criminal Procedure, provide a sufficient factual basis for the plea of guilty to willful failure to pay trust fund taxes, in violation of 26 United States Code, Section 7202, and aiding or assisting in the filing of a false tax return, in violation of Title 26, United States Code, Section 7206(2).

1. **MATTHEW S. BROWN** was a resident of Martin County, Florida, within the Southern District of Florida.
2. **BROWN** owned and operated multiple businesses in and around the area of St. Lucie, Martin, and Palm Beach Counties, Florida including the businesses identified as “the Brown Entities” in the attached EXHIBIT A (“Exhibit A”).
3. One of the Brown Entities was Matthew Brown & Associates, Inc. DBA Elite Payroll Solutions (“Elite Payroll”). Elite Payroll was a professional employer organization (“PEO”) and payroll services company incorporated in Stuart, Florida, within the Southern District of Florida. Elite Payroll primarily serviced small businesses in and around St. Lucie, Martin and Palm Beach Counties, Florida.

BROWN's Failure to Fully Pay Trust Fund Taxes for the Brown Entities

8. From at least 2014 through 2022, **BROWN** exercised ultimate control over Elite Payroll's financial affairs and operations. **BROWN** signed Forms 941 for Elite Payroll as President. Thus, **BROWN**, was a responsible person, that is, he had the responsibility to collect, truthfully account for on Forms 941, and pay over to the IRS on behalf of Elite Payroll the trust fund taxes collected from its clients' employees.

9. On or about January 31, 2020, for the calendar quarter ending December 31, 2019, in the Southern District of Florida, **BROWN** filed, or caused to be filed, a false Form 941 which understated Elite Payroll's employment tax liabilities for that quarter by nearly one million dollars. Knowing this return was false, Brown willfully failed to truthfully account for and pay over the trust fund taxes due and owing on behalf of the employees of Elite Payroll.

10. **BROWN** filed this false return and willfully failed to pay these trust fund taxes as part of a larger scheme. For each of the entities identified as the Brown Entities in Exhibit A, **BROWN** was ultimately responsible for the payment of employment taxes. For each of the Brown Entities, **BROWN** filed, or caused to be filed, false Forms 941 which understated the entities' employment tax liabilities. Knowing these forms were false, **BROWN** willfully failed to pay approximately \$15,000,000 in employment taxes for the Brown Entities.

11. On multiple occasions, the IRS sent **BROWN** and the Brown Entities notices that it had detected underreporting for a specific quarter. **BROWN** sent, or caused to be sent, correspondence to the IRS claiming any underreporting was the result of an error at Elite Payroll and offered to pay any balance and interest due for that quarter. **BROWN** knew this to be false and did so to avoid further scrutiny from the IRS.

correspondence to the IRS and to the EPS Clients claiming any underreporting was the result of an error at Elite Payroll and offered to pay any balance and interest due for that quarter. **BROWN** knew this to be false and did so to avoid further scrutiny from the IRS and from the EPS Clients.

18. Instead of paying over the funds he held in trust for his clients, **BROWN** purchased commercial and residential real estate including his multi-million dollar home and a collection of high end luxury cars.

19. The defendant is aware of and understands the nature of the charges to which she is pleading guilty and understands that had it proceeded to trial, the United States would have had to prove the following elements beyond a reasonable doubt:

Count One: Title 26, United States Code, Section 7202

- (1) The Defendant had the duty to collect, truthfully account for, and pay over a tax;
- (2) The Defendant failed to collect, truthfully account for, or pay over the tax; and
- (3) The Defendant acted willfully.

Count Two: Title 26, United States Code, Section 7206(2)

- (1) The Defendant aided or assisted in, procured, counseled, or advised the preparation or presentation of a document in connection with a matter arising under the internal revenue laws;
- (2) The document was false as to a material matter; and
- (3) The Defendant acted willfully.

A false matter is “material” if the matter was capable of influencing the Internal Revenue Service.

To prove the Defendant acted willfully, the government must show that the Defendant voluntarily and intentionally violated a known legal duty.

EXHIBIT A

In conjunction with the parties' plea agreement, the United States and the Defendant, Matthew S. Brown, have agreed to restitution to the Internal Revenue Service ("IRS") in the amount of \$22,401,585. The chart below provides a breakdown of restitution amounts owed based on the years balances accrued for specific entities. As stated in Plea Agreement paragraph 10(e), the Defendant reserves the right to reduce this restitution amount and receive credit for any payments made to the IRS towards unpaid employment tax liabilities associated with these entities.

The EPS Clients			
CLIENT	EIN	YEARS	UNPAID EMPLOYMENT TAXES
Gruber Saks Construction, LLC	90-0873093	2019-2020	\$695,118.00
Davis Brothers, LLC	59-1495341	2018-2022	\$2,113,984.00
Factory Direct Supply WPB, LLC	46-2159293	2018-2022	\$1,992,692.00
Haynes Security Services, Inc.	90-0781732	2017-2022	\$1,509,015.00
VM Iron Work and Structural Steel Corp.	65-0653784	2020-2022	\$648,811.00
Total			\$6,959,620.00

The Brown Entities			
ENTITY	EIN	YEARS	UNPAID EMPLOYMENT TAXES
Propane Services, Inc.	65-1156735	2017-2021	\$1,297,823.00
AC Care Heat and Air, Inc.	81-1778853	2019-2021	\$382,315.00
Matthew Brown & Associates, INC	65-1002313	2015-2021	\$13,761,827.00
Total			\$15,441,965